Larry Bivins, *Gannett*

WASHINGTON -- Minnesota doctors and hospitals who treat Medicare patients can expect a modest bump in pay as a result of provisions in the new health care law that Rep. Betty McCollum and a group of Midwest and Pacific Northwest lawmakers bargained hard to get.

In the final hours of wrangling, McCollum was among a group of Democratic lawmakers frustrated over the lack of movement on their Medicare reimbursement concerns in the health care bill, which was President Barack Obama's top priority.

One of the lawmakers, Rep. Ron Kind of Wisconsin, stomped out of House Speaker Nancy Pelosi's office in a huff, leaving behind McCollum and Reps. Bruce Braley of Iowa and Jay Inslee of Washington to negotiate.

The good-cop, bad-cop variation worked.

Hours later, the lawmakers announced that their concerns had been met and they would support the final bill. What they got was $800 million for immediate payments for doctors and hospitals and a commitment from the administration to a value-based system for paying physicians and other providers.

It was a major breakthrough for McCollum and other members of the Quality Care Coalition, a group of about 30-40 lawmakers from the Midwest, Upper Midwest and Pacific Northwest who for years have pushed for a fairer payment system under Medicare, the 45-year-old federal health insurance program for seniors.

"This had been tried for decades and it hadn't happened," McCollum said. "Medicare payments are based on this formula that doesn't reward quality. The rates made absolutely no sense at all, so in states like Minnesota, Wisconsin, Iowa and Oregon, our doctors were getting paid at extraordinarily low rates."

The $800 million provided in the bill that passed March 21 will be used to compensate doctors and hospitals who traditionally have received less for treating Medicare patients than their counterparts in other parts of the country.

For example, Medicare reimbursement rates for McAllen, Texas, were $14,945 per enrollee compared to $6,375 in St. Cloud in 2006, according to the much-cited Dartmouth Atlas of Health Care. Minnesota's per-enrollee reimbursement average was $6,600, compared to the nation average of $8,304.

That disparity has long been a sore point among lawmakers in states getting the short end of the reimbursement stick. Lawmakers from those states contend that the main problem is Medicare's fee- for-service payment system, which they say favors volume over value.

Under the temporary reimbursement plan, doctors would get $400 million in 2010 and 2011. Hospitals would share $400 million in 2011 and 2012.

"For Minnesota doctors, there's going to be an adjustment made," McCollum said. "There's not very much money for hospitals, but I wanted a recognition that hospitals have been caught up in this inequitable payment system as much as doctors have."

Lawrence Massa, president of the 148-member Minnesota Hospital Association, is appreciative. He called the agreement McCollum and others negotiated "a great step in the right direction in reforming Medicare payment."

Massa cited a provision pushed by Sen. Amy Klobuchar in the Senate bill that calls for adding value to the pay equation for doctors as a potentially historic game-changer in that it moves health care away from a fee-for-service system. Critics say that system is a major factor in the ever-increasing cost of health care.

"We're really pleased Rep. McCollum and Sen. Klobuchar were supportive of this notion of

changing the payment system," Massa said.

To secure the Quality Care Coalition's support, the Obama administration has promised to commission two studies by the Institute of Medicine, a Washington, D.C.-based nonprofit organization that works outside of government with the goal of providing unbiased advice to decision makers and the public.

One study will examine the validity of hospital and geographic factors used in determining reimbursement rates. The other will explore volume and intensity of health care services and will be used to try to incorporate quality and value among the criteria for physician payments.

Health and Human Services Secretary Kathleen Sebelius promised to implement the IOM's recommendations and make changes to the rate formulas by the end of 2012.

Bruce Kelly, director of government relations for the Mayo Clinic, also praised the work of McCollum and the coalition. He said the Mayo Clinic has been a strong advocate of a value-based payment system.

"It isn't clear exactly how that will work; the concept is right," Kelly said. "The whole fee-for-service concept basically says the more stuff you do, the more you'll get paid, and the more procedural stuff you do, the more you get paid."

Converting to a value-based payment system would reward doctors and health care systems like Mayo that emphasize integrated care, Kelly said.

But some experts question whether implementing a value index can be done fairly and comprehensively.

"I'm personally skeptical we can have a value index any time soon," said Robert Berenson, who was in charge of Medicare payment policy in the Clinton administration from 1998 to 2001. "We

don't have good measures."

Berenson said questions have been raised recently about the validity of using the Dartmouth Atlas analysis to assess the quality of care provided at one hospital versus another. Obama repeatedly referred to the Dartmouth studies in praising the work at certain hospitals as he lobbied for health care reform.

"I'm more than happy to have IOM opine whether the value index should go forward," Berenson said.

Massa contends that Minnesota is full of examples of high- quality care being performed at low cost that IOM could look at in any study of how to incorporate value into a payment scheme.

"Clearly, it's a challenge," Massa said, "but there's a growing body of evidence of what works in health care and what doesn't."